



THE AMERICAS GROUP

2020 IN REVIEW

April 2021

TO: Americas Group (AG)

FROM: AG Coordinating Committee¹

Despite a difficult start to 2020, with the onset of the global COVID-19 pandemic, the Americas Group Mexico and Central America committees were able to navigate the complexities of operating from a distance, due to international travel restrictions. It seems a lifetime ago that many of us met together in-person in DC on Feb 28 for a Central America Committee planning meeting.

The first months of the pandemic were focused on determining how to operate under these new conditions and figuring out how to support strategic partners in both regions in responding to more immediate concerns related to temporary suspensions of employment contracts and factory closures, and the implementation of new health and safety regulations at the national level. By May, we were able to develop a preliminary plan on how to proceed, amidst the uncertainty of what this year would bring for workers, labour rights and work initiated by the AG in previous years on priority issues.

Although the impacts of the pandemic on workers' health, incomes, associational rights and employment have both created new challenges and exacerbated existing one, we continue to believe that the Americas Group is a useful forum for promoting and facilitating company/labour dialogue on these and other systemic issues.

We share with you a brief narrative and financial summary of work in 2020. Thanks to all for your important contributions to this work.

¹ The Americas Group Coordinating Committee (CC) includes Remy Arguello and Julián Vargas, adidas; Audrey Ogawa Johnson, Dallas Cowboys Merchandising; Holdy Hernández, Levi's; Rolando Grillo, New Balance; Cláudio Kehrwald, Nike; and Lynda Yanz, Maquila Solidarity Network. Gap took a leave of absence from the CC for 2020.

THE MEXICO COMMITTEE²

In 2020, the Mexico Committee held four virtual meetings, in April, June, September, and December, each of which included updates, company reports and discussion on progress in implementation of Mexico's labour justice reform and the government policies, impacts and challenges for companies related to the COVID-19 pandemic. At each meeting, the Committee continued to work through the draft "briefing document" of common wage violations in Mexico's garment sector.

Labour Reform and Freedom of Association

Although the pandemic slowed the pace of the labour reform implementation in Mexico, the Mexico Committee continued to monitor the process, share materials and discuss implications for brands, suppliers and wholly-owned facilities. As follow up to the Committee's November 2019 forum for suppliers on employer responsibilities under the labour justice reform in May 2020 the Committee updated its *Employer Guidance on FOA* in Mexico and published a short *Frequently Asked Questions* responding to questions raised at the supplier forum. The full set of four Mexico employer resource materials are available [here](#).

COVID-19

Since April, when the pandemic started to impact production facilities and garment workers in Mexico, MSN provided the Committee with regular updates on legal requirements and government policies related to health and safety protocols, temporary suspensions and layoffs, compensation for furloughed workers, etc. Each of our virtual meetings in 2020 included labour updates as well as discussion of legal requirements and government protocols and company reports on issues and best practices related to health precautions, worker suspensions and recalls.

Common wage violations

The Wage Working Group³ coordinated discussions of seven wage violations it had agreed on as priorities: Opaque Payslips; Irregularities regarding Bonuses and Piece Rates; False Reporting of Social Security Contributions; Improper Use and Payment for Time Off; Improper Use and Payment of Overtime; Failure to Pay Legally-Mandated Annual Bonuses on Time and Correctly; and Failure to Pay Full Severance.

While there was agreement that all issues were priority concerns, there was not consensus on all legal analyses and recommendations. At the same time, the Committee wanted the briefing paper to be available for use. Thus, the Committee decided that the document would be published as authored by MSN, prepared for the Mexico Committee. The 33-page briefing paper, which is available [here](#), includes an analysis of each of the seven issues and accompanying recommendations for compliance with Mexico's Federal Labour Law and company codes of conduct.

At the Committee's December year-end meeting, brands identified which issues they would prioritize for work in 2021, including ones that they hoped for collaboration and support on from other Mexico Committee participants. At the same time, various company participants stressed that resolving these issues would be challenging in this year given the ongoing impacts of COVID-19.

² The Mexico Steering Team includes adidas, Fanatics, New Balance, Nike and MSN.

³ The Wage Working Group included representatives from adidas, C&A, Fanatics, Nike, Puma, VF, the FLA and MSN.

Plans going forward

The Mexico Committee held its first 2021 virtual meeting on March 24. Participants reaffirmed their commitments to continue work on labour justice reform and combatting wage violations. Pre-meeting surveys on the two issues provided a baseline of current efforts and priorities going forward. Given recent changes to the reform process, the Committee will be updating its resource materials and is considering including factory representation in one or more of its upcoming educational sessions. The Committee will continue to monitor the impacts of the COVID-19 pandemic on workers and suppliers in the garment sector and as well will be paying special attention to the proposed new regulations on outsourcing.

CENTRAL AMERICA COMMITTEE⁴

The Central America Committee began 2020 with two in-person meetings, the first in February in San Salvador with the Salvadoran labour and women's organizations that make up the Coalition for Decent Work for Women (CEDM), and the second in late February in Washington DC with the full Committee. That was before the pandemic hit.

Central American governments responded to the pandemic by implementing various measures to prevent the spread of the virus within their countries. These measures, initiated in mid-March, included the closure of non-essential businesses, closure of borders, cancellation of international flights, restrictions on gatherings, and limits on traffic circulation, including public transport. In El Salvador and Honduras, the governments ordered the apparel industry to suspend all manufacturing operations, with the exception of a few facilities allowed to operate with a reduced workforce to produce masks and other PPEs. Factories in those two countries were not authorized to re-open and re-start operations until June and July.

While the pandemic limited engagement with labour stakeholders, by May, regular communication with CEDM, our Salvadoran coalition partners, resumed. A small El Salvador sub-group met (virtually) every second month with CEDM to share information on the impacts of the pandemic on workers and factories. That group included the CA Coordinating Committee as well as representatives from VF and Fruit of the Loom. We also discussed with CEDM whether there were viable opportunities to advance on previous plans for proactive collaborative work on childcare and addressing sexual harassment. It was agreed that for the time being (during the pandemic) those would need to be put on hold.

Between August and December, the Central America Committee held three virtual meetings. The impacts of COVID-19 was the overarching theme, with each session focusing on one thematic issue for in-depth discussion – impacts of and company action in response to a virus outbreak at a supplier factory in Guatemala, review of proposals being put forward by the Central American union network, and an overview of one company's OH&S implementation plan and experience.

In addition, the Committee hosted two special virtual sessions, both in December.

- **Addressing Sexual Harassment in the Workplace.** This educational included a panel discussion on the groundbreaking agreement in Lesotho to prevent, monitor for and seek solutions to cases of sexual harassment in the workplace. Panelists included Robin Runge of the Solidarity Center and Scott Dietz, previously with

⁴ The Central America Coordinating Committee includes adidas; Dallas Cowboys Merchandising; Fanatics; Puma; the FLA and MSN.

VF Corporation and Kontoor Brands. The educational also included presentations by CEDM on actions to address the broader issues of labour violence (*violencia laboral*) in Salvadoran maquilas. Participants included representatives of 20 companies, the FLA, MSN, the Solidarity Centre, WRC and CEDM.

- **Outreach from Honduras for Hurricane Relief Fund.** The Honduran Maquila Association (AHM) and the Honduran Maquila Union Network (RSM-H) requested a meeting with AG brands sourcing from Honduras, during which they presented an informational webinar highlighting the devastating impacts of two hurricanes in Honduras on garment workers' homes and employment. The AHM and RSM-H have set up a joint fund to provide support to workers impacted by the hurricanes and are requesting contributions from international brands and manufacturers, as well as labour organizations. A video of workers' testimonies promoting that fund is available [here](#). In late March 2021, the CA Committee agreed to contribute US\$20,000 to the fund from its 2020 revenue balance.

Plans going forward

COVID-19 has not only limited the Committee's ability to conduct in-country work but has also created new complexities. The economic impact, health risks, and other related labour violations that have resulted from the pandemic are straining relations between some Americas Group company participants and labour partners. At the same time, the El Salvador sub-group has continued to meet to explore and discuss options for renewed engagement with CEDM. The CA Coordinating Committee is working on identifying ideas for the coming year's objectives and approach for discussion at our first full (virtual) convening, which will be scheduled to take place during the second quarter of 2021.

MONEY MATTERS

AG total direct revenue in 2020 was USD 126,812, a very slight decrease (\$3,550) from 2019. Our end-of-year operating expenses came in at USD 85,829, which combined with our carry-over from 2019 left us with USD 62,809 for future work.⁵ While we are pleased that the AG has increased its surplus, as a result of cutbacks in events, travel, etc. given the economic uncertainty at the moment, we hope that those companies that can maintain their annual contribution level.

Thanks very much to Americas Group participants who contributed financially last year – adidas; American Eagle Outfitters; C&A; Dicks Sporting Goods; Fanatics; Fruit of the Loom; Gap Inc.; Gildan Activewear; Hanesbrands Inc.; Levi's; New Balance; Nike; Patagonia; Puma; PVH Corporation; SanMar; Tegra Global; Under Armour; Vetta Brands; VF Corporation; and the Fair Labor Association, through its re-direct allocation.

In addition to revenue from participating companies, the Mexico Committee's work on the constitutional labour justice reform process was supported financially through a grant to MSN from the Labour Program of Employment and Social Development Canada, which will run through June 2021.

⁵ The contribution to the Honduran Bi-partite Hurricane Relief Fund will be registered in 2021.